

ENVAIR ELECTRODYNE LIMITED

NOMINATION AND REMUNERATION POLICY

I. Introduction

This policy applies to the Board of Directors, Key managerial Personnel and Senior Management personnel of Envair Electrodyne Limited." The Company".

This policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel and Senior Management personnel as provided under provisions of Section 179(3) of Companies Act 2013 including rules thereof and Regulation 19 read along with Schedule II of the SEBI listing Regulations.

II Definitions

1. 'Board 'means Board of Directors of the company.
2. "Committee" means Nomination and Remuneration Committee of the company as constituted or reconstituted by the Board from time to time.
3. "Key managerial Personnel" (KMP) means:
 - a) Chief Executive officer or Managing Director or the Manager
 - b) Whole time Director
 - c) Chief Financial officer
 - d) Company Secretary and
 - e) Such other officers as may be prescribed under the Act from to time.
4. "Senior management Personnel" (SMP) means personnel of the company who are members of the core management team, excluding Board of Directors and are one level below the Executive Directors including "Functional heads"

III Appointment and Removal of Director, KMP & SMP

A. Directors

1. The committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as Director, KMP or at a senior management level and accordingly recommend to the Board his/her appointment.
2. The age of the person to be appointed as a Non executive Director shall not be less than 21 years and not more than 75 years. The Committee at its discretion may recommend to the Board for the continuation of Director for a further term of appointment who has completed 75 years.

The age of the person to be appointed as an Executive Director shall not be less than 21 years and not more than 75 years
3. The appointment, tenure of Director/Independent Director, removal, disqualification of any Director, KMP or at a senior Management Level shall be as per provisions and procedure laid down under the rules made there under the Companies Act 2013, Listing regulations or any other enactment for the time being in force.
4. All actions of the committee shall be made as recommendation to the Board of the company.

IV Board Diversity

The Board shall have an optimum composition of Directors by comprising expert from different fields viz finance, law, management, sales, marketing, engineering, research, technical operations or any other areas related to the company business.

The board shall ensure that there is a appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively.

V Remuneration of Director, KMP and SMP

The Board of Directors of the company shall decide the remuneration of Executive /Non- Executive Directors on the basis of recommendation of the Committee subject to overall limits provided under the Companies Act 2013 and rules made there under, including any amendments, modifications and re-enactments thereto and in compliance with Listing regulations or any other enactment for the time being in force.

The remuneration of Directors shall be approved by the shareholders of the company as & when required.

I. Executive Directors.

The Board of Director upon the recommendation of committee may appointany Executive Directors, finalize/ vary terms & conditions, tenure subject tooverall limits as prescribed under the act.

a. Fixed salary

Each Executive Director shall be paid fixed salary consisting of basic salary and such other allowances and perquisites as may be recommended by the committee and decided by the Board and performance evaluation of each Executive Director from time to time, subject to overall limits as prescribed under the Act.

Option 1. The salary may be revised annually. Or

Option 2. The salary shall remain fixed for the tenure of Executive Directors

b. Commission

The Board may approve payment of commission subject to limits provided under the Act. The eligibility and amount of commission to be paid to each Director shall be recommended by the committee on the basis of performance evaluation of the Director undertaken by the committee and the Board.

c. Non monetary benefits

Executive Directors may be entitled to club membership, company vehicle with Driver, petrol reimbursement, vehicle maintenance, telephone expenses, fax, internet at residence, payment of mobile phone bills, fully furnished accommodation, house rent allowance in lieu thereof, reimbursement of gas, electricity bills, reimbursement of medical expenses

d. Separation/retirement benefits

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

- (a) Contribution to Provident Fund, superannuation fund or annuity fund 1961 or any amendment thereof. to the extent these are either singly or put together are not taxable under the Income tax Act

- (b) Gratuity payable at a rate not exceeding one month's salary for each completed year service and
- (c) Encashment of Leave at the end of tenure.
In case of Loss or inadequacy of profits, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

II. Non-Executive Directors :

The Company shall issue a letter of appointment to every Non-Executive Independent Director.

The components of payment of remuneration to Non-Executive Directors shall include:

a. Sitting fees:

Sitting fees may be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

Committee shall include Audit Committee, Nomination and Remuneration Committee Stakeholders Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board from time to time.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each Director shall be recommended by the Committee on the basis of annual performance evaluation of the Director.

c. Professional fees:

Directors may be paid fees for services of professional nature, if in the opinion of Committee, the Director possesses the requisite qualification for the practice of the profession. Such professional fees shall not be considered as remuneration for the purpose of Act.

B) Key Managerial Personnel and Senior Management Personnel

The Company shall issue an appointment letter to every KMP and SMP.

The remuneration components payable to KMP/SMP may be:

a) Fixed Salary:

Each KMP/SMP shall Be Paid Fixed Salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational parameters and experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

A portion of the overall salary may be paid as variable pay to every KMP/SMP. This shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational

effectiveness through alignment of Company, Functional and Individual objectives.

c. Perquisites/Other Benefits:

Perquisite / Other Benefits are benchmarked with Industry practices from time to time keeping an overall salary structure in mind. These may, include petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bills, leave travel assistance and reimbursement of medical expenditure for self and family and such other benefits as per Company Policy. KMP/SMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance and such other benefits as per Company policy.

d. Annual Pay Revision /Promotion

Evaluation of KMP/SMP shall be based on appraisal against stated Objectives/goals of the individual which in turn shall be aligned to the Functional and Enterprise Score Card. Key Result Areas (KRAs) are set at the beginning of the year in consultation with the Executive Director.

Pay revisions / promotions will be achievement oriented and will also have reference to industry benchmarks, where appropriate.

e. Separation/Retirement Benefits :

Separation /retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

C) Directors and Officers Liability Insurance:

The Company will take Directors and Officers Liability Insurance or such insurance of like nature for indemnifying any of the Director, KMP and SMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company. The premium paid on such insurance shall not be treated as part of remuneration payable to Managing Director, Whole time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary, Provided that if any such person is proved to be guilty, the premium paid shall be treated as part of the remuneration.

D) Stock Options:

The Committee may recommend issue of stock options to Directors (other than Independent Directors and Promoter Directors), KMP/SMP, which may be granted by the Board subject to the compliance of the provisions of applicable laws.

VI. Criteria for evaluation of Board

The evaluation of Board shall be carried out annually as per the provisions of the Companies Act, 2013 rules thereof and the Listing Regulations. Performance evaluation of each Director will be based on the criteria as laid down from time to time by the Nomination and Remuneration Committee.

Criteria for performance evaluation shall include aspects such as attendance for the meetings, participation and independence, during the meetings,

interaction with management, role and accountability, knowledge and proficiency and any other factor as may be decided by the Nomination and Remuneration Committee.

Further, performance evaluation of an Executive Director will also be based on business achievements of the Company.

VII. Amendment

Based on the recommendation of the Committee, the Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of the Companies Act, 2013, including rules thereof and the Listing Regulations.

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